

Unfunded Liabilities Accounting Guide
Prepared by the Financial Reporting and Analysis Division
Energy Finance and Accounting Services Center

Unfunded Liabilities Accounting Guide

**Department of Energy
Energy Finance and Accounting Service Center**

Updated as of September 18, 2008

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Background

The Statement of Federal Financial Accounting Standards Number 5, Accounting For Liabilities of the Federal Government, defines liabilities not covered by budgetary resources (unfunded or future funded liabilities are terms used synonymously) as those “incurred for which revenues or other sources of funds necessary to pay the liabilities have not been made available through congressional appropriations or current earnings of the reporting entity.”

Both funded and unfunded liabilities are to be recorded in the Standard General Ledger (SGL) proprietary accounts. However, accounting entries for unfunded liabilities do not affect any budgetary accounts (SGL 4000 – 4999). To reconcile budgetary obligations incurred to proprietary costs incurred, it is important that unfunded liabilities entries be made in a standard manner that allows for changes (current year unfunded costs and current year budgetary resources used to fund liabilities recorded in prior periods) to be reported properly in the Department’s financial statements. The purpose of this guidance is to provide procedures and specific SGL guidance for recording unfunded liabilities.

The Department of Energy’s unfunded liabilities include environmental liabilities to the extent they exceed appropriations made available for environmental cleanup and restoration; environment, safety, and health liabilities to bring facilities into compliance with existing laws and regulations; contractor pension and post-retirement benefits; legal contingencies, certain capital leases, employee accrued annual leave; Federal Employees’ Compensation Act liabilities; and Nuclear Waste Fund deferred revenues.

The reorganization of the Department’s financial services activities to implement the outcome of the Financial Services Competitive Sourcing Study (i.e., implementation of the Energy Finance and Accounting Services Center, EFASC) also necessitated changes impacting the procedures, roles and responsibilities for unfunded liability accounting. This guide is intended to highlight these changes.

Procedures

Environmental Liabilities

The Department of Energy’s environmental liabilities are one of the largest unfunded liabilities recognized in the Federal government’s financial statements. As such, they are the most material single element of the Department’s annual financial statements and require significant annual accounting and auditing resources to estimate, record, and report each year.

The Department segregates its environmental liabilities into the following five categories: 1) Legacy Environmental Management Program; 2) legacy non-EM environmental liabilities; 3) active and surplus facilities; 4) high-level waste and spent nuclear fuel

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disposition; and 5) all other environmental liabilities including those related to the disposition of surplus plutonium, depleted uranium, highly enriched uranium and other materials to be determined in the future. These categories are captured in the following SGL accounts:

2995F100, EST. CLEANUP COST, LEGACY EM BASELINE ESTIMATE, COVERED BY BUDG. RES.

2995U100, EST. CLEANUP COST, LEGACY EM BASELINE EST, NOT COVERED BY BUDG. RES.

2995F200, EST. CLEANUP COST, ACTIVE & SURPLUS FACIL., COVERED BY BUDG. RES.

2995U200, EST. CLEANUP COST, ACTIVE & SURPLUS FACIL., NOT COVERED BY BUDG. RES.,

2995F300, EST. CLEANUP COST, HLW & SNF DISP., COVERED BY BUDG. RES.

2995U300, EST. CLEANUP COST, HLW & SNF DISP., NOT COVERED BY BUDG. RES.

2995F400, EST. CLEANUP COST, LEGACY OTHER, COVERED BY BUDGETARY RESOURCES

2995U400, EST. CLEANUP COST, LEGACY OTHER, NOT COVERED BY BUDGETARY RESOURCES

2995F900, EST. CLEANUP COST, OTHER, COVERED BY BUDG. RES.

2995U900, EST. CLEANUP COST, OTHER, NOT COVERED BY BUDG. RES.

Due to the heavy reliance on estimates and the importance of the environmental liabilities to the Department's financial statements, events requiring accounting entries are usually triggered by the need to generate quarterly financial statements. As such, daily or monthly entries are not normally made to these liability accounts, although significant events may occur that warrant a more frequent update than on a quarterly basis. Specific data calls or other events that will prompt the need to update the environmental liabilities include the following:

Legacy Environmental Management Program

The Department's Office of Environmental Management (EM) is responsible for managing the legacy of contamination from the nuclear weapons complex. As such, EM manages thousands of contaminated facilities formerly used in the nuclear weapons program, oversees the safe management of vast quantities of radioactive waste and nuclear materials, and is responsible for the cleanup of large volumes of contaminated soil and water. The EM life-cycle cost estimate reflects a strategic vision to complete this cleanup mission by 2035. This strategy provides for a site-by-site projection of the work required to complete all EM projects while complying with regulatory agreements, statutes, and regulations. Each project baseline estimate includes detailed projections of the technical scope, schedule, and costs at each site for the cleanup of contaminated soil, groundwater, and facilities; treating, storing, and disposing of wastes; and managing nuclear materials. The baseline estimates also include costs for related activities such as landlord responsibilities, program management, and legally prescribed grants and cooperative agreements for participation and oversight by Native American tribes, regulatory agencies, and other stakeholders.

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Changes to the EM baseline estimates result from inflation adjustments to reflect constant dollars for the current year; improved and updated estimates for the same scope of work; revisions in acquisition strategies, technical approach, or scope; regulatory changes; cleanup activities performed; transfers out of the EM baseline estimates; and additions for facilities transferred from the active and surplus category.

The Office of Financial Policy issues annual guidance to field Chief Financial Officers (CFOs) regarding requirements for updating the EM baseline estimates. The role of the EFASC field liaison staff is limited to receiving the required information/source documents prepared by residual accounting staff and/or program offices in response to the Office of Financial Policy guidance, and preparing and posting the General Ledger (GL) entries necessary to update the liability in accordance with the Office of Financial Policy guidance and the proforma entries identified in this guide. Field residual staff and/or integrated contractors are responsible for developing the estimates and ensuring sufficient documentation is maintained to support the auditability of those estimates. Field CFOs have the discretion to direct their integrated contractors to assume responsibility for recording the EM environmental liabilities at their sites thus relieving EFASC liaison staff of this responsibility. EFASC liaison staff will, however, be responsible for ensuring the contractors' entries to record these liabilities are consistent with the pro-forma entries in this guide.

Legacy non-EM Environmental Liabilities (Restructured Environmental Liabilities)

Restructured environmental liabilities are comprised of the estimated cleanup and post-closure responsibilities, including surveillance and monitoring activities, soil and groundwater remediation, and disposition of excess materials for sites after the EM program activities have been completed. The costs for these post-closure activities are estimated for a 75-year period. Some post-cleanup monitoring and other long-term stewardship activities are expected to continue beyond this period, but the Department believes the costs of these activities cannot reasonably be estimated.

Similar to the legacy environmental liability estimates, the Office of Financial Policy issues annual guidance to field CFOs regarding requirements for updating the legacy non-EM environmental liability estimates. The role of the EFASC field liaison staff is limited to receiving the required information/source documents prepared by residual accounting staff and/or program offices in response to the Office of Financial Policy guidance, and preparing and posting the GL entries necessary to update the liability in accordance with the Office of Financial Policy guidance and the proforma entries identified in this guide. Field residual staff and/or integrated contractors are responsible for developing the

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estimates and ensuring sufficient documentation is maintained to support the auditability of those estimates. Field CFOs have the discretion to direct their integrated contractors to assume responsibility for recording the restructured environmental liabilities at their sites thus relieving EFASC liaison staff of this responsibility. EFASC liaison staff will, however, be responsible for ensuring the contractors' entries to record these liabilities are consistent with the pro-forma entries in this guide.

Active and Surplus Facilities

This liability includes anticipated remediation costs for active and surplus facilities used in the Department's ongoing operations, but which will ultimately require stabilization, deactivation, and decommissioning. The estimate is largely based on a cost-estimating model maintained by the Office of Financial Policy that extrapolates stabilization, deactivation, and decommissioning costs from facilities included in the EM baseline estimates to those active and surplus facilities with similar characteristics. Site-specific estimates are used when available. Cost estimates for active and surplus facilities are updated each year to reflect current year constant dollars; the transfer of cleanup and management responsibilities for these facilities by other programs to EM; changes in facility size or contamination assessments; and estimated cleanup costs for newly contaminated facilities.

The Office of Financial Policy issues guidance annually to field CFO's requiring an update to the Active Facility Database Collection System (AFDCS). The role of the EFASC field liaison staff is limited to receiving the required information/source documents prepared by residual accounting staff and/or program offices in response to the Office of Financial Policy guidance, and preparing and posting the GL entries necessary to update the liability in accordance with the Office of Financial Policy guidance and the proforma entries identified in this guide. Field CFOs have the discretion to direct their integrated contractors to assume responsibility for recording the active and surplus environmental liabilities at their sites thus relieving EFASC liaison staff of this responsibility. EFASC liaison staff will, however, be responsible for ensuring the contractors' entries to record these liabilities are consistent with the pro-forma entries in this guide.

High-Level Waste and Spent Nuclear Fuel Disposition

The Department's estimated liability for the disposition of its high-level waste and spent nuclear fuel is calculated based on the most current Total System Life-Cycle Cost (TSLCC) Estimate for the Yucca Mountain project and the related annual estimate of DOE's share of the cost of the project. The TSLCC is prepared by the Office of Civilian Radioactive Waste Management (RW) every few years. Annually, RW sends a memorandum to the Office of Chief Financial

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Officer that identifies DOE's cost share, cumulative contributions to date based on expenditures from appropriation 89X0244, and the accrued interest liability on the difference between DOE's share of the total costs incurred for the project to date and the amount DOE has expended from 89X0244 to fund those costs.

An Excel-based liability model is maintained by the Energy Finance and Accounting Service Center (EFASC) to compute changes to the liability and generate the necessary GL entries based on the TSLCC and the annual RW cost share memoranda. The model also generates the necessary GL elimination entries for that portion of the liability that represents the amount the Department owes to the Nuclear Waste Fund for accrued interest and the amount of deferred revenues attributable to revenues accrued by the Nuclear Waste Fund in excess of costs allocable to the DOE's share of the project costs.

Other Environmental Liabilities

The Department's other environmental liabilities primarily involve the cost to disposition certain nuclear materials. Estimates of these liabilities prepared by the Office of Financial Policy are provided via memoranda to the EFASC Director. GL entries are made by the Financial Reporting and Analysis Division based on the memoranda in accordance with the proforma entries in this guidance. EFASC liaison staff will record any estimates prepared by Field CFO's for other environmental liabilities. EFASC liaison staff are also responsible for ensuring any contractors' entries to record other environmental liabilities are consistent with the pro-forma entries in this guide.

Environment, Safety and Health (ES&H)

The ES&H liability represents the cost estimate to bring facilities and operations into compliance with existing ES&H laws, regulations, and applicable Department of Energy Orders. The Office of Financial Policy issues annual guidance regarding the approach for estimating this liability. The role of the EFASC field liaison staff is limited to receiving the required information/source documents prepared by residual accounting staff and/or program offices in response to the Office of Financial Policy guidance, and preparing and posting the GL entries necessary to update the liability in accordance with the Office of Financial Policy guidance and the proforma entries identified in this guide. Field residual staff and/or integrated contractors are responsible for developing the estimates and ensuring sufficient documentation, such as signed compliance Activity Data Sheets, is maintained to support the auditability of those estimates.

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Pension and Other Contractor Actuarial Liabilities

Most of the Department's contractors have defined benefit pension plans under which they promise to pay specified benefits to their employees, such as a percentage of the final average pay for each year of service. The Department's cost under the contracts includes reimbursement of annual contractor contributions to these pension plans. The Department's contractors also sponsor postretirement benefits other than pensions (PRB) consisting of predominantly postretirement health care benefits. Since the Department approves the contractors' pension and postretirement benefit plans and is ultimately responsible for funding the plans, the responsibility for any related liabilities rests with the Department. The Department also reimburses its major contractors for employee disability insurance plans, and estimates are recorded as unfunded liabilities for these plans.

Contractor Pension Plans

The Office of Financial Policy issues an annual data call to field CFOs requiring actuarial pension estimates information for each contractor plan. Integrated contractors are responsible for recording the liabilities associated with these plans in accordance the Office of Financial Policy data call and with the proforma entries contained in this guidance. The role of the EFASC field liaison staff with respect to recording pension plan liabilities is limited to non-integrated contractor plans. With respect to these contractor plans, the EFASC liaison staff will receive information/source documents prepared by residual accounting staff and/or the contractors' actuarial consultants, and prepare and post the GL entries necessary to update the liabilities in accordance with the Office of Financial Policy data call and the proforma entries identified in this guide. EFASC liaison staff are also responsible for ensuring their integrated contractors adhere to the pro-forma entries in this guide.

Contractor Post-Retirement Benefits Other Than Pensions

The Office of Financial Policy issues an annual data call to field CFOs requiring postretirement actuarial estimates of each of their contractors' health care benefit plans. Integrated contractors are responsible for recording the liabilities associated with these plans in accordance the Office of Financial Policy data call and with the proforma entries contained in this guidance. The role of the EFASC field liaison staff with respect to recording these liabilities is limited to non-integrated contractor plans. With respect to these contractor plans, the EFASC liaison staff will receive information/source documents prepared by residual accounting staff and/or the contractors' actuarial consultants, and prepare and post the GL entries necessary to update the liabilities in accordance with the Office of Financial Policy data call and the proforma entries identified in this guide. EFASC liaison staff are also responsible for ensuring their integrated contractors adhere to the pro-forma entries in this guide.

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Contractor Disability and Life Insurance Plans

Liabilities associated with contractor disability and life insurance plans are to be recorded as unfunded. Currently, the Office of River Protection has the only contractor with a disability plan liability. This liability will be updated by the liaison accountant at the Richland Operations Office in accordance with the proforma entries contained in this guide. Currently, the only integrated contractor with an unfunded liability associated with a life insurance plan is Savannah River's Westinghouse TRU Solution, LLC. That contractor will be responsible for updating the liability associated with its plan in accordance with the proforma entries contained in this guide. EFASC liaison staff are responsible for ensuring their integrated contractors adhere to the pro-forma entries in this guide.

Federal Employees' Compensation Act

The Federal Employees' Compensation Special Benefits Fund was established under the authority of the Federal Employees' Compensation Act (FECA). The FECA Special Benefits Fund pays for income lost and medical costs for Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease.

The FECA Special Benefits Fund pays benefits on behalf of Federal entities as costs are incurred. On or before August 15 of each year, the Department of Labor (DOL) submits a yearly billing (chargeback) report to DOE which covers the preceding 12-month period ending June 30 (July 1 through June 30). Payment (via IPAC) for the annual billing is due approximately 15 months after the receipt of the bill. For example, the bill for the period 7/1/02 – 6/30/03 is due around December 2004. Additionally, DOE receives a quarterly chargeback report from DOL. The quarterly report provides a listing of amounts paid from the FECA fund from July 1 through the end of the applicable quarter. The liabilities due the FECA Special Benefits Fund are recorded by DOE as unfunded liabilities. Additional accrual information related to the Allocation of Accrued Benefits and Allocation of Overpayment Receivables is also provided by DOL and should be included in the calculation of DOE's unfunded liability. Summary information related to DOE's liability (including allocation amounts) is also provided by DOL on its website.

DOE's FECA expense and liability amounts must be reconciled with DOL on a quarterly basis via the Intragovernmental Fiduciary Confirmation System (IFCS). Additional guidance regarding the recording of FECA liabilities and expenses may be found in the *Federal Intragovernmental Transactions Accounting Policies Guide*.

In addition to the above, on or about October 1, the DOL provides DOE with data regarding its share of the Federal government's estimated actuarial liability for future workers' compensation benefits. This includes the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases, plus a component for

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incurred but not reported claims. DOE records the change in its actuarial liability from the previous fiscal year.

Contingencies

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to the Department. Examples of loss contingencies include pending or threatened litigation and administrative claims and assessments. The likelihood that the future event or events will confirm the loss or the incurrence of a liability can range from probable to remote. A contingent liability should be accrued when all of the following conditions are met:

- A past or exchange transaction has occurred.
- A future outflow or other sacrifice of resources is probable.
- The future outflow or sacrifice of resources is measurable.

Accrual and disclosure of contingencies vary, depending on probability of occurrence. Losses that are deemed probable and can be reasonably estimated will be accrued as a funded liability; however, in those instances requiring future funding, the field CFO or equivalent shall obtain prior written approval of the Director, Office of Management, Budget and Evaluation (ME-1), before recording a contingency as an unfunded liability, in accordance with the Accounting Handbook, Chapter 11, Liabilities, paragraph 2.g.(1).

The field liaison accountant is responsible for recording the unfunded liability for the amount of the contingent liability in accordance with the proforma entries in this guide. The field liaison accountant will reconcile the amounts recorded with the field office's response to the Headquarters' General Counsel annual legal representation letter call.

Capital Leases

Under Development

Annual Leave

Accrued annual leave of Federal employees is recorded as an unfunded liability. The entries for this liability will be generated by the Labor Distribution System interface with STARS. The Special Accounts and Reconciliation Team will ensure the GL balances (excluding BPA and FERC) agree with Defense Civilian Pay System reports. An interface is planned for STARS, but it is a low priority since it will not be needed until June 2005.

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Nuclear Waste Fund Unfunded Liabilities

NWF revenues are accrued based on fees assessed against owners and generators of high-level radioactive waste and spent nuclear fuel, and interest accrued on investments in Treasury securities. These revenues are not considered to have been “earned” until such time as costs are incurred by the NWF program. Annual adjustments are made to defer revenues that exceed the NWF costs. This deferred revenue liability is classified as unfunded in that subsequent years’ appropriations will be required to provide the budgetary authority (i.e., get access to the Nuclear Waste Fund receipts) to incur expenditures that will in turn liquidate the liability.

A portion of the accrued revenues recorded by the NWF are for fees to be paid from the Department’s appropriations (89X0244). The DOE portion of these revenues that exceed the Department’s allocable share of costs incurred by the NWF are recorded as an unfunded deferred revenue liability in 89X5227. Entries are needed to eliminate this liability and the associated accounts receivable and interest receivable owed by the Department to the NWF.

The Excel liability model referred to in the High Level Waste liability described above generates the necessary GL entries that will be posted by the Financial Reporting and Analysis Division.

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Proforma Accounting Entries

All accounting transactions will be General Ledger journal entries.

Environmental Liabilities

(1) Record increase in life cycle cost estimates

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFE EL Type
*****	****	**	*****	6800U9	00000	1721265	0000000	000000 00	00000000	000000	***. **		EMF ACF HLW REL OTH
*****	****	**	*****	2995U1 2995U2 2995U3 2995U4 2995U9								***. **	EMF ACF HLW REL OTH

(2) To adjust environmental liability for inflation

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFE EL Type
*****	****	**	*****	6800U9	00000	1721264	0000000	0000000	00000000	000000	***. **		EMF ACF HLW REL OTH
*****	****	**	*****	2995U1 2995U2 2995U3 2995U4 2995U9								***. **	EMF ACF HLW REL OTH

(3) To adjust environmental liability for an increase in the contingency estimate

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFE EL Type
*****	****	**	*****	6800U9	00000	1721266	0000000	0000000	00000000	000000	***. **		EMF ACF HLW REL OTH
*****	****	**	*****	2995U1 2995U2 2995U3 2995U4 2995U9								***. **	EMF ACF HLW REL OTH

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(4) To reclassify environmental liability from unfunded to funded based on funds received that are applicable to the reduction of environmental liabilities (legacy waste clean-up activities)

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFF EL Type
*****	*****	**	*****	2995U1 2995U2 2995U3 2995U4 2995U9	00000		0000000	0000000	0000000	000000	***. **		EMF ACF HLW REL OTH
*****	*****	**	*****	2995F1 2995F2 2995F3 2995F4 2995F9	00000		0000000	0000000	0000000	000000		***. **	EMF ACF HLW REL OTH

(5) To reduce environmental liability for operating expenditures incurred for environmental remediation activities (Note: the EFASC General Accounting Team will record reductions related to HQ PBS's even though some of these expenditures are incurred by field offices and integrated contractors.)

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFF EL Type
*****	*****	**	*****	2995F1 2995F2 2995F3 2995F4 2995F9	00000		0000000	0000000	0000000	000000	***. **		EMF ACF HLW REL OTH
*****	*****	**	*****	680001	00000	1721262	0000000	0000000	0000000	000000		***. **	EMF ACF HLW REL OTH

(6) To reduce environmental liability for capitalized expenditures incurred for environmental remediation activities and to simultaneously write-down the related legacy waste asset. (Note: the EFASC General Accounting Team will record reductions related to HQ PBS's even though some of these expenditures are incurred by field offices and integrated contractors.)

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFF EL Type
*****	*****	**	*****	2995F1 2995F2 2995F3 2995F4 2995F9	00000		0000000	0000000	0000000	000000	***. **		EMF ACF HLW REL OTH

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*****	*****	**	*****	680001	00000	1721263	0000000	0000000	0000000	0000000		***. **	EMF ACF HLW REL OTH
*****	*****	**	*****	680001		2220157						***. **	EMF ACF HLW REL OTH
*****	*****	**	*****	172002								***. **	

(7) To transfer environmental liabilities between appropriations or between organizations*

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFE Type
*****	*****	**	*****	2995U1 2995U2 2995U3 2995U4 2995U9	00000	0000000	0000000	0000000	0000000	0000000	***. **		EMF ACF HLW REL OTH
*****	*****	**	*****	579001 579002	00000	0000000	0000000	0000000	0000000	0000000		***. **	EMF ACF HLW REL OTH
*****	*****	**	*****	579001 579002	00000	0000000	0000000	0000000	0000000	0000000	***. **		EMF ACF HLW REL OTH
*****	*****	**	*****	2995U1 2995U2 2995U3 2995U4 2995U9	00000	0000000	0000000	0000000	0000000	0000000		***. **	EMF ACF HLW REL OTH

* Field offices and their integrated contractors were instructed to identify the fund type values to which their environmental liabilities will transfer initially at the time of STARS data conversion. In many cases, the assigned fund type will represent the predominant funding source for cleanup work at that site. To the extent that cleanup work is accomplished utilizing funds other than the predominant fund type in which the liability is recorded, a transfer of a portion of the liability to the account funding the cleanup work will be necessary before the liability is reduced by entries 5 and/or 6.

(8) To record an elimination entry for the portion of the Nuclear Waste Fund deferred revenue that represents DOE's defense cost share of expenditures that exceeds DOE's contributions to the Yucca Mountain Project.

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STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DDF Trading Partner
*****	*****	**	*****	232001	00000	0000000	0000000	0000000	0000000	000000	***. **		89
*****	*****	**	*****	1310D6	00000	0000000	0000000	0000000	0000000	000000		***. **	89

Environment, Safety and Health

(1) Record increase in ES&H liability estimate

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	*****	**	*****	6800U9	00000	1721267	0000000	0000000	0000000	000000	***. **	
*****	*****	**	*****	2990U1								***. **

(2) Record decrease in ES&H liability estimate as a result of expenditures incurred to liquidate the liability

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	*****	**	*****	2990U1							***. **	
*****	*****	**	*****	6800U9	00000	1721267	0000000	0000000	0000000	000000		***. **

Pension and Other Contractor Actuarial Liabilities

In order to limit the number of accounting entries necessary to maintain the Pension/PRB liability balances, the unfunded contractor pension and PRB liability entries have historically been recorded in the integrated contractor's predominant fund. The practice of recording unfunded contractor pension and PRB liability entries to the predominant fund should continue **except** in certain special circumstances where the predominant fund is included in the range of funds used in the preparation of the stand-alone audited "component" level financial statements (e.g., Nuclear Waste Fund, Decontamination and Decommissioning, and Isotopes).

Currently, the following funds are used in the preparation of component statements:

- D&D Fund (Funds 03000 – 03011)
- NWF (Funds 01100, 02800 – 02804, 02806-02813, and 02846-02849)
- Isotopes (Funds 02300 - 02301)

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If an integrated contractor's unfunded pension or PRB plan relates solely (i.e., 100%) to a fund or group of funds contained within one of the component fund ranges cited above, the unfunded contractor pension and PRB liability entries would continue to be recorded against that fund or group of funds. However, in the event that an integrated contractor's unfunded pension or PRB plan has a predominant fund that appears in the component fund ranges cited above, yet also benefits funds outside the component statements, then all entries and balances associated with those plans must be recorded in the "next largest" fund which is outside the range of the component statements.

The unfunded contractor pension and PRB liability entries (with exception mentioned above) should continue to be coded to individual programs as specified in the entries below. Only the funded entries associated with the employer's annual cash contributions to the plans should be distributed to multiple funds (including funds used in the preparation of component statements) and that distribution should be based on normal overhead allocations made in accordance with each contractor's cost accounting standards disclosures. The funded entries associated with the employer's annual cash contributions are also disclosed in the component statement footnotes.

See Appendix A for example of Disclosure Information and follow with corresponding numbering with the entries below.

- (1) Record the reduction in contractor pension plan liabilities as a result of current-year funding (employer contributions) – Line E.1. on the FAS No. 87 Policy Disclosure Sheets. At the beginning of the fiscal year (Quarter 1), you will record the entire amount on this line. However, after Quarter 1, you will record the difference that appears on this line.

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	2690U1							***. **	
*****	****	**	*****	680002	00000	XXXXXXXX	0000000	0000000	0000000	000000		***. **

The program codes should reflect the distribution of costs consistent with contractor overhead allocations of current year funding (employer contributions).

The entry to 680002 offsets the contractors' debit cost entries in SGL 610000 that occurred when the current year employer contributions were made.

The program values 1721268 and 1721269 should not be used.

- (2) Record the reduction in contractor PRB plan liabilities as a result of current-year funding (employer contributions) - Line E.1. on the FAS No. 106 Policy Disclosure Sheets. At the beginning of the fiscal year (Quarter 1), you will record the entire amount on this line. However, after Quarter 1, you will record the difference that appears on this line.

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STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	2690U2							***. **	
*****	****	**	*****	680003	00000	XXXXXXXX	0000000	0000000	0000000	000000		***. **

The program code should reflect the distribution of costs consistent with contractor overhead allocations of current year funding (employer contributions).

The entry to 680003 offsets the contractors' debit cost entries in SGL 610000 that occurred when the current year employer contributions were made. The program values 1721268 and 1721269 should not be used.

- (3) Record the increase in contractor pension plan liabilities due to current period service cost – Line C.1. on the FAS No. 87 Policy Disclosure Sheets. At the beginning of the fiscal year (Quarter 1), you will record the entire amount on this line. However, after Quarter 1, you will record the difference that appears on this line.

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	6800U200	00000	XXXXXXXX	0000000	0000000	0000000	000000	***. **	
*****	****	**	*****	2690U1								***. **

The program code should reflect the distribution of costs consistent with contractor overhead allocations of current year funding (employer contributions).

The program values 1721268 and 1721269 should not be used.

- (4) Record the increase in contractor PRB liabilities due to current period service cost – Line C.1. on the FAS No. 106 Policy Disclosure Sheets. At the beginning of the fiscal year (Quarter 1), you will record the entire amount on this line. However, after Quarter 1, you will record the difference that appears on this line.

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	6800U300	00000	XXXXXXXX	0000000	0000000	0000000	000000	***. **	
*****	****	**	*****	2690U2								***. **

The program code should reflect the distribution of costs consistent with contractor overhead allocations of current year funding (employer contributions).

The program values 1721268 and 1721269 should not be used.

- (5) Record the reduction in contractor pension plan assets as a result of net decrease in assets (prepaid pension plan costs - SGL 1410U7) – Line B.5 of the FAS No. 87 Policy Disclosure Sheets.

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STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	6800U9	00000	1721268	0000000	0000000	0000000	000000	***. **	
*****	****	**	*****	1410U700								***. **

The program code should reflect the distribution of costs consistent with contractor overhead allocations of current year funding (employer contributions).

(6) Record increase in contractor plan liabilities, net of increase due to current year funding, increase/decrease in asset (prepaid pension plan costs - SGL 1410U7), and current period service costs (for pensions and post-retirement benefit plans) – Line B.5. of the FAS No. 87 and Line B.3. of the FAS No. 106 Policy Disclosure Sheets.

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	6800U9	00000	1721268 1721269	0000000	0000000	0000000	000000	***. **	
*****	****	**	*****	2690U1 2690U2								***. **

The program code should reflect the distribution of costs consistent with contractor overhead allocations of current year funding (employer contributions).

(7) Record a transfer of pension and PRB liability between allottees/CIDs. Use program value 1721268 for pension entry (SGL 2690U100) and use program value 1721269 for PRB entry (SGL 2690U200).

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	2690U100 2690U200	00000	0000000	0000000	0000000	0000000	000000	***. **	
*****	****	**	*****	57900200		1721268 1721269						***. **

Federal Employees' Compensation Act

(1) To record current year FECA expenses

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFE Trading Partner
*****	****	**	*****	685000	00000	1721272	0000000	0000000	0000000	000000	***. **		16
*****	****	**	*****	222500								***. **	16

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(2) To record payment to DOL for a prior year's billing (Budgetary Entries Omitted)

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFP Trading Partner
*****	*****	**	*****	222500							***. **		16
*****	*****	**	*****	101003								***. **	
*****	*****	**	*****	310709							***. **		
*****	*****	**	*****	570000								***. **	
*****	*****	**	*****	640000	00000	1721272	0000000	0000000	0000000	0000000	***. **		16
*****	*****	**	*****	6850U0	00000	1721273	0000000	0000000	0000000	0000000		***. **	16

(3) To record increase in DOE's FECA actuarial liability

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFP Trading Partner
*****	*****	**	*****	760000	00000	1721271	0000000	0000000	0000000	0000000	***. **		16
*****	*****	**	*****	2650U0								***. **	16

Contingencies

(1) Record increase in contingency liability estimate

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	*****	**	*****	6800U9	00000	1721277	0000000	0000000	0000000	0000000	***. **	
*****	*****	**	*****	2920U0								***. **

(2) Record decrease in contingency liability estimate as a result of expenditures to liquidate the liability

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	*****	**	*****	2920U0							***. **	
*****	*****	**	*****	680001	00000	1721277	0000000	0000000	0000000	0000000		***. **

Unfunded Capital Leases

Under Development

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Annual Leave

(1) Record increase in accrued annual leave liability

STARS Entries

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit
*****	****	**	*****	6800U9	00000	1721275	0000000	0000000	0000000	000000	***.**	
*****	****	**	*****	222000								***.**

Nuclear Waste Fund High Level Waste and Spent Nuclear Fuel Liability

(1) Record increase in life cycle cost estimates

STARS Entry

Fund	Appro Year	Allottee	Rptg Entity	SGL	Object Class	Program	Project	WFO	Local Use	Future	Debit	Credit	DFF OPI
*****	****	**	*****	6800U9	00000	1721265	0000000	0000000	0000000	000000	***.**		
*****	****	**	*****	2995U1								***.**	